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### SOVIET AID PROGRAM IN BURMA

- I. After much fumbling, Soviet economic aid program in Burma is getting off the ground.
  - A. Technical assistance in agriculture has made particular hit, and 22 Soviet agricultural technicians may have contracts extended from 1958 to 1960.
  - B. Soviet-assisted agricultural projects, principally irrigation dams in dry upper Burma, have top priority in Prime Minister Nu's recently announced four-year program.
  - C. Moscow's showy construction program in Rangoon also making visible progress, with technological institute--most impressive of Moscow's "gift" projects--nearing completion. Others: sports center, theater, hotel.
- II. Burmese are now fishing around for more foreign aid to meet additional costs of four year plan.
  - A. Burma reportedly tempted by Soviet offers of technicians in two other important fields, geologists to advise on exploitation of minerals and housing technicians to draw up a slum clearance project in over-crowded Rangoon.
  - B. Burmese also want help in improving internal security--transport, communications, military equipment.
  - C. Although Russians not known to have made any offers of military assistance, American embassy in Rangoon reports Soviets are making concerted effort to gain influence in Burmese military establishment.

1. Moscow recently appointed two military attaches to Rangoon, and Burmese navy chief now visiting USSR.

D. Burma could draw on unexpended barter credit of \$17,500,000 to pay for any additional aid from USSR.

III. Satisfactory completion of the agricultural and construction projects will go a long way toward making up for Burma's disappointment with Soviet barter agreement. (Cement fiasco is case in point.)

A. It may also improve the 1960 electoral prospects of the pro-Communist National United Front by seeming to bear out Khrushchev claim (to Rangoon University students in 1955) that communism could do a better job helping underdeveloped countries than capitalism.

1. NUF received 30 percent of vote in 1955 elections; jumping parliamentary representation from 9 to 49 (out of 250).

B. While still keeping up running fight, Communist insurgents are constantly putting out feelers for a negotiated settlement so they can come above ground and join forces with NUF.

C. Although government so far has rejected these overtures, it is still incapable of putting down insurgency of Communists (and Karens), now in its ninth year, and sooner or later may agree to peace talks on grounds that people are "war weary."